

# Gross Product of U.S. Multinational Companies, 1977

**E**STIMATES of gross product of U.S. multinational companies (MNC's) by industry, country, and component in 1977 are presented in tables 1-5. The estimates are based on data collected in BEA's most recent benchmark survey of U.S. direct investment abroad.<sup>1</sup> Gross product is an economic accounting measure of production. MNC gross product measures U.S. parent companies' contribution to U.S. gross domestic product (GDP) and their foreign affiliates' contribution to foreign GDP. For a business, gross product can be defined as sales plus inventory change less purchases of intermediate goods and services; as such, gross product measures value added by the business. Alternatively, it can be defined as the sum of the charges against production. The MNC estimates presented here were prepared by summing such charges.

The MNC gross product estimates cover nonbank U.S. parents that had

at least one nonbank majority-owned foreign affiliate (MOFA), and their nonbank MOFA's. Coverage is limited to these parents and affiliates because, in the benchmark survey, the data needed to estimate gross product were collected only for them.<sup>2</sup>

Estimates of MNC gross product are valuable in measuring the overall size, economic impact, and distribution of MNC operations among industries and countries. They also can be used to analyze issues such as how MNC productivity compares with that of other businesses and how the income resulting from MNC production is distributed between labor and other factors of production.

Some key findings based on the gross product estimates are:

- U.S. MNC gross product was \$651.7 billion in 1977. U.S. parents accounted for 75 percent, and their MOFA's for 25 percent, of the total. The U.S. parent share was larger than that for MOFA's in every major industry except petroleum, where U.S. parents accounted for 46 percent and MOFA's for 54 percent.
- In manufacturing, U.S. parents accounted for 79 percent, and

MOFA's for 21 percent, of total MNC gross product. The U.S. parent share was largest in primary and fabricated metals (88 percent) and smallest in nonelectrical machinery (70 percent).

- U.S. parent gross product totaled \$490.5 billion and accounted for one-third of all-U.S.-business GDP in 1977. Over three-fifths of U.S. parent gross product was in manufacturing.
- MOFA gross product totaled \$161.1 billion. Affiliates in manufacturing and petroleum accounted for the largest shares of the total—44 and 38 percent, respectively.
- Two-thirds of MOFA gross product was in developed countries and one-third in developing countries. Among individual countries, the gross product of MOFA's in Canada was by far the largest, accounting for over 17 percent of the total.
- MOFA's accounted for particularly large shares of total business GDP in Canada and Libya—17 percent in each. MOFA shares were also large in Ireland, Luxembourg, Indonesia, and Panama.
- From 1966 to 1977, MOFA gross product grew about 15 percent per year. Growth was somewhat faster in developing countries than in developed countries—16

**Note.**—Arnold Gilbert was responsible for the computer programming for the tables in this article. Ethel J. Wheeler provided statistical assistance.

1. U.S. MNC's are U.S. companies that have direct investment abroad. U.S. direct investment abroad exists when one U.S. person (U.S. parent) has a direct or indirect ownership interest of 10 percent or more in a foreign business enterprise (foreign affiliate). Detailed data and the methodology of the benchmark survey were published in U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. Direct Investment Abroad, 1977* (Washington, D.C.: U.S. GPO, April 1981). Other articles on the benchmark survey data have appeared in the April and October 1981, and February and April 1982, issues of the *Survey of Current Business*.

2. MOFA's were defined in the benchmark survey as affiliates that were owned more than 50 percent by all U.S. parents combined and that had assets, sales, or net income of more than \$3 million in 1977. Coverage of the gross product estimates is the same as for data of "Group III" affiliates and their parents in *U.S. Direct Investment Abroad, 1977*. However, some of the data in this article do not agree with those previously published, because errors found in the latter have been corrected.

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Table 1.—Gross Product of U.S. MNC's, by Industry of U.S. Parent, 1977

	Amount			Distribution		
	Millions of dollars			Percent		
	MNC's world- wide	U.S. parents	MOFA's	MNC's world- wide	U.S. parents	MOFA's
All industries	451,685	490,523	161,238	100	75	35
Mining	2,415	1,974	441	100	82	18
Metal mining	853	680	173	100	80	20
Iron	(*)	(*)	(*)	100	(*)	(*)
Copper, lead, zinc, gold, and silver	(*)	(*)	(*)	100	(*)	(*)
Bauxite, other ores, and services	(*)	(*)	(*)	100	(*)	(*)
Coal and other nonmetallic minerals	1,562	1,294	268	100	88	12
Petroleum	114,051	52,852	51,399	100	45	54
Oil and gas extraction	4,584	3,546	838	100	81	19
Crude petroleum (no refining) and gas	3,052	2,355	695	100	78	22
Oil and gas field services	1,532	1,191	143	100	98	2
Petroleum and coal products	101,187	49,306	50,561	100	49	51
Integrated refining and extraction	100,881	49,041	50,265	100	49	51
Refining without extraction	(*)	(*)	(*)	100	(*)	(*)
Petroleum and coal products, nec	(*)	(*)	(*)	100	(*)	(*)
Petroleum wholesale trade	5,106	2,195	2,317	100	43	57
Other	2,420	3,075	345	100	79	21
Manufacturing	392,280	381,234	38,994	100	79	21
Food and kindred products	27,871	31,783	3,083	100	79	21
Grain mill and bakery products	4,578	4,688	887	100	82	18
Beverages	4,016	3,905	1,111	100	73	27
Other	17,277	23,190	4,085	100	77	23
Chemicals and allied products	51,547	39,132	12,413	100	75	25
Industrial chemicals and synthetic	28,970	24,820	5,628	100	81	19
Drugs	11,239	7,694	3,642	100	88	12
Soap, cleaners, and toilet goods	7,456	4,611	2,675	100	86	14
Agricultural chemicals	(*)	(*)	(*)	100	(*)	(*)
Other	(*)	(*)	(*)	100	(*)	(*)
Primary and fabricated metals	40,909	35,389	4,520	100	88	12
Primary metal industries	27,318	24,900	2,518	100	91	9
Ferrous	19,085	18,227	838	100	98	2
Nonferrous	8,233	6,673	1,680	100	90	10
Fabricated metal products	12,590	10,479	2,011	100	82	18
Machinery, except electrical	60,492	42,556	18,445	100	78	22
Form and garden machinery and equipment	2,288	2,793	695	100	83	17
Construction and related machinery	10,634	8,425	2,199	100	83	17
Office and computing machines	30,283	17,471	12,812	100	46	54
Other	16,218	13,918	2,700	100	84	16
Electric and electronic equipment	22,106	25,583	6,422	100	83	17
Household appliances	3,889	3,834	1,005	100	72	28
Radio, television, and communication equipment	7,589	7,884	775	100	94	6
Electronic components and accessories	3,456	2,784	672	100	81	19
Other	17,151	14,181	2,970	100	83	17
Transportation equipment	88,513	71,323	17,211	100	81	19
Motor vehicles and equipment	62,507	47,878	14,528	100	77	23
Other	26,006	23,445	2,683	100	90	10
Other manufacturing	21,683	64,543	18,438	100	79	21
Tobacco manufactures	9,841	8,522	3,318	100	81	19
Textile products and apparel	9,188	8,973	1,119	100	88	12
Lumber, wood, furniture, and fixtures	7,322	6,597	725	100	90	10
Paper and allied products	13,031	9,788	2,125	100	81	19
Printing and publishing	5,916	5,280	458	100	89	11
Rubber products	9,902	7,320	2,581	100	74	26
Miscellaneous plastic products	1,578	1,286	292	100	81	19
Glass products	2,792	3,191	601	100	78	22
Stone, clay, cement, and concrete	4,572	5,808	1,065	100	78	22
Instruments and related products	18,248	10,656	3,284	100	76	24
Other	4,240	8,717	523	100	88	12
Trade	35,276	31,389	3,888	100	78	22
Wholesale trade	5,034	5,063	1,478	100	77	23
Durable goods	2,583	1,539	844	100	75	25
Nondurable goods	3,953	3,115	834	100	79	21
Retail trade	28,744	26,326	2,410	100	91	9
Finance (except banking), insurance, and real estate	35,289	22,825	6,404	100	78	22
Finance, except banking	8,812	2,488	524	100	88	12
Insurance	24,836	19,866	4,980	100	80	20
Real estate	55	72	13	100	85	15
Holding companies	1,188	399	788	100	58	42
Individuals, estates, and trusts	190		190	100		100
Other industries	38,414	51,084	1,329	100	92	8
Agriculture, forestry, and fishing	(*)	(*)	(*)	100	(*)	(*)
Construction	(*)	(*)	(*)	100	(*)	(*)
Transportation, communication, and public utilities	38,498	53,823	2,745	100	96	4
Transportation	18,771	17,887	1,483	100	92	8
Communication and public utilities	47,738	46,536	1,362	100	97	3
Services	11,674	8,950	1,724	100	86	14

MNC = multinational company.

MOFA = majority-owned foreign affiliate.

\* Suppressed to avoid disclosure of data of individual companies.

1. Consists of U.S. parents that were individuals, estates, or trusts directly holding investments. None of these were required to report financial and operating data in the 1977 benchmark survey. No foreign affiliates are classified in this category; however, when affiliate data are classified by industry of U.S. parent, the data for affiliates of individuals, estates, and trusts are

shown in this category.

Note.—Data for both U.S. parents and MOFA's are classified in a single industry—that of the U.S. parent. (In tables 2, 3, and 4, data for affiliates are classified by industry of affiliate.) Although this table focuses on the MNC as a whole, industry of parent rather than industry of MNC was used for classification because an MNC-wide industry code based on the worldwide consolidated activities of the MNC was not available from the 1977 benchmark survey.

Table 2.—Gross Product of MOFA's, Country by Industry of Affiliate, 1977

(Millions of dollars)

	All Indus- tries	Min- ing	Petrol- eum	Manufacturing								Trade	Finance except banking, insurance, and real estate	Other indus- tries
				Total	Food and kindred products	Chem- icals and allied products	Met- als and fabricated metals	Ma- chinery, except electrical	Elec- tric and electronic equip- ment	Trans- portation equip- ment	Other manu- facturing			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All countries	168,136	2,813	62,410	71,600	5,598	20,975	4,331	13,558	3,963	13,921	16,865	14,316	1,948	3,341
Developed countries	107,487	2,169	25,064	49,223	4,357	7,744	3,693	12,869	4,502	12,363	12,288	12,885	1,473	2,805
Canada	27,788	1,108	9,110	15,161	1,864	1,429	1,346	1,882	1,274	3,515	4,044	1,944	910	2,468
Europe	69,898	52	16,844	40,441	2,455	5,412	2,001	9,648	4,386	7,705	2,808	3,597	278	2,779
European Communities (6)	60,576	0	14,384	37,508	2,287	4,981	1,971	9,085	4,183	7,289	7,679	6,290	216	2,607
Belgium	4,244	0	543	2,608	28	584	110	841	622	1,789	1,789	1,789	0	1,789
Denmark	872	0	0	133	26	0	0	1	46	0	0	227	0	227
France	9,688	0	0	6,308	841	312	185	2,122	556	1,845	1,054	1,777	0	1,777
Germany	18,116	0	4,424	12,058	519	1,242	780	3,089	1,262	3,290	1,904	1,940	0	1,940
Italy	762	0	189	485	62	152	10	74	82	148	148	148	0	148
Netherlands	6,825	0	2,439	2,744	196	447	114	909	449	178	447	460	0	460
Luxembourg	198	0	28	175	0	0	0	32	5	0	0	8	0	8
Netherlands	4,209	0	887	2,285	278	592	287	589	188	0	0	678	0	678
United Kingdom	16,861	0	8,739	10,879	734	1,145	628	1,906	850	2,282	3,155	1,488	15	888
Other Europe	8,784	0	2,528	5,185	218	481	120	484	512	486	624	2,607	0	2,607
Austria	844	0	0	226	35	17	12	0	0	0	0	813	0	813
Greece	389	0	0	325	100	0	0	0	0	0	0	38	0	38
Norway	1,655	0	1,207	178	0	0	0	0	0	0	0	238	0	238
Portugal	178	0	0	84	0	0	0	0	0	0	0	68	0	68
Spain	2,019	0	0	1,479	116	280	38	117	488	330	180	488	0	488
Sweden	1,188	0	294	618	48	48	19	382	187	14	14	229	0	229
Switzerland	2,015	0	231	443	0	0	0	42	187	0	0	1,844	0	1,844
Turkey	286	0	0	69	2	0	0	0	0	0	0	12	0	12
Other	917	0	84	82	0	0	0	0	0	0	0	222	0	222
Japan	3,965	0	0	1,468	0	228	11	0	62	1	37	434	94	0
Australia, New Zealand, and South Africa	7,273	963	0	3,168	0	461	182	0	228	888	815	910	182	0
Australia	5,878	945	0	2,488	0	361	63	0	167	788	654	882	178	0
New Zealand	384	4	0	183	0	21	0	0	0	0	38	44	0	0
South Africa	1,817	19	0	686	0	20	20	104	58	0	114	218	0	0
Developing countries	62,339	744	37,344	11,384	1,332	2,331	481	1,417	1,660	1,568	2,884	2,181	478	2,288
Latin America	16,066	579	9,972	9,533	1,158	1,981	587	890	920	1,586	2,484	1,035	348	1,089
South America	10,927	158	1,568	7,534	788	1,518	462	891	878	1,245	2,038	948	46	888
Argentina	1,449	0	0	945	73	218	36	145	48	179	284	148	0	148
Brazil	6,186	18	738	5,188	458	1,883	231	637	585	1,358	1,938	1,111	98	1,111
Chile	182	0	0	68	6	21	0	0	0	0	0	30	0	30
Colombia	852	0	113	328	33	91	0	1	18	0	0	44	0	44
Ecuador	307	0	0	35	0	0	0	0	0	0	0	0	0	0
Peru	484	0	114	74	14	14	0	0	18	0	0	48	0	48
Venezuela	1,370	0	97	745	168	185	0	0	45	115	218	384	10	214
Other	216	0	0	184	28	1	0	0	0	0	0	10	0	10
Central America	2,579	28	289	1,388	389	483	122	73	242	363	428	408	38	310
Costa Rica	2,050	0	21	1,645	282	518	115	79	211	283	388	283	27	283
Guatemala	389	0	0	25	0	0	0	0	0	0	0	13	0	13
Other	589	27	128	191	0	45	0	0	33	0	0	48	0	48
Other Western Hemisphere	2,280	365	1,170	188	69	60	0	0	2	0	0	142	286	188
Bahamas	187	0	39	0	0	0	0	0	0	0	0	58	0	58
Belize	886	0	0	0	0	0	0	0	0	0	0	0	0	0
Netherlands Antilles	88	0	0	1	0	0	0	0	0	0	0	0	0	0
Trinidad and Tobago	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	362	138	0	0	0	0	0	0	0	0	0	0	0
Other Africa	4,708	0	5,089	255	89	89	36	81	0	2	118	118	0	118
Saharan	3,448	0	2,245	40	0	0	0	0	0	0	0	0	0	0
Egypt	344	0	382	4	0	0	0	0	0	0	0	0	0	0
Libya	2,984	0	2,921	0	0	0	0	0	0	0	0	0	0	0
Other	172	0	80	0	0	0	0	0	0	0	0	0	0	0
Sub-Saharan	3,564	0	2,714	215	85	85	0	31	0	2	0	0	0	0
Liberia	44	0	5	2	0	0	0	0	0	0	0	0	0	0
Nigeria	1,846	0	1,788	54	94	94	0	0	0	0	0	0	0	0
Other	1,683	0	1,066	160	9	9	0	0	0	0	0	0	0	0
Middle East	22,288	0	21,130	108	41	41	0	0	38	0	108	108	0	108
Israel	2,235	0	0	54	17	17	0	0	21	0	0	0	0	0
OPEC	21,053	0	20,764	19	15	15	0	0	0	0	0	0	0	0
Arab	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Asia and Pacific	7,339	0	5,878	1,461	181	278	37	105	386	61	265	415	0	415
Hong Kong	542	0	71	189	2	12	0	22	117	0	0	154	0	154
India	210	0	1	205	18	18	0	0	0	0	0	0	0	0
Indonesia	4,661	0	4,284	106	12	12	0	0	0	0	0	0	0	0
Malaysia	289	0	181	122	0	0	0	0	0	0	0	0	0	0
Philippines	549	0	0	378	78	78	0	70	38	0	0	0	0	0
Singapore	400	0	106	316	2	2	0	2	137	0	0	0	0	0
South Korea	79	0	0	58	16	16	0	0	84	0	0	0	0	0
Taiwan	260	0	0	254	25	25	0	0	0	0	0	0	0	0
Thailand	254	0	0	68	3	3	0	0	0	0	0	0	0	0
Other	82	0	0	88	0	0	0	0	0	0	0	0	0	0
International	1,311	0	979	0	0	0	0	0	0	0	0	0	0	438
Adjusted—OPEC <sup>1</sup>	22,648	0	20,227	963	161	234	41	7	88	116	801	427	0	1,290

MOFA=majority-owned foreign affiliate.

<sup>1</sup> Less than \$500,000 (k.).<sup>2</sup> Suppressed to avoid disclosure of data of individual companies.<sup>3</sup> Members of the Organization of Petroleum Exporting Countries (OPEC) are: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, and United Arab Emirates.

Table 3.—Gross Product of MOFA's, Industry of Affiliate by Country, 1977

(Millions of dollars)

	All countries	Developed countries						Developing countries					International	
		Total	Canada	Europe		Japan	Australia, New Zealand, and South Africa	Total	Latin America	Other Africa	Middle East	Other Asia and Pacific		
				Total	European Communities (9)									Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries	151,136	107,487	27,783	89,389	40,878	8,784	3,085	7,379	63,838	16,828	6,763	22,260	7,339	1,311
Mining	2,912	2,199	1,190	82	(?)	(?)	0	868	714	579	(?)	(?)	(?)	0
Metal mining	2,147	1,442	924	(?)	(?)	(?)	0	(?)	706	563	(?)	(?)	(?)	0
Iron	743	738	583	(?)	(?)	(?)	0	(?)	5	3	(?)	(?)	(?)	0
Copper, lead, zinc, gold, and silver	538	226	(?)	0	0	0	0	(?)	313	268	(?)	(?)	(?)	0
Bauxite, other ores, and services	867	479	(?)	(?)	(?)	(?)	0	309	388	317	(?)	(?)	(?)	0
Coal and other nonmetallic minerals	765	757	274	(?)	4	(?)	0	(?)	8	10	(?)	(?)	(?)	0
Petroleum	62,019	25,803	6,110	16,944	14,394	2,550	(?)	(?)	35,384	3,072	6,048	21,129	5,973	878
Oil and gas extraction	18,689	5,517	2,385	2,220	1,276	946	(?)	(?)	12,985	1,194	5,447	1,881	4,413	187
Crude petroleum (no refining) and gas	17,586	5,061	2,222	1,879	(?)	(?)	(?)	(?)	12,475	1,033	5,397	1,752	4,388	187
Oil and gas field services	1,103	456	113	341	(?)	(?)	(?)	(?)	460	161	141	139	30	0
Petroleum and coal products	43,330	(?)	3,725	10,685	5,981	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	0
Integrated refining and extraction	35,736	(?)	(?)	5,981	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	0
Refining without extraction	5,593	5,088	(?)	4,061	(?)	(?)	(?)	(?)	756	(?)	(?)	(?)	(?)	0
Petroleum and coal products, net	46	(?)	(?)	28	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	(?)	0
Petroleum wholesale trade	8,287	5,255	(?)	3,282	1,646	1,447	(?)	365	(?)	1,149	439	1,795	(?)	0
Other	1,884	(?)	(?)	787	(?)	(?)	0	(?)	(?)	(?)	(?)	(?)	(?)	0
Manufacturing	71,649	60,223	15,151	40,441	37,396	3,136	1,466	3,162	11,356	5,523	256	103	1,496	0
Food and kindred products	5,889	4,281	1,884	2,456	2,297	216	(?)	(?)	1,832	1,166	(?)	(?)	121	0
Grain mill and bakery products	1,349	1,028	308	612	648	(?)	(?)	109	319	184	(?)	(?)	(?)	0
Beverages	1,167	815	316	482	(?)	(?)	(?)	(?)	352	291	(?)	(?)	(?)	0
Other	3,373	2,425	866	1,411	(?)	(?)	4	165	751	671	18	1	71	0
Chemicals and allied products	10,075	7,744	1,623	6,412	4,981	431	225	481	2,331	1,951	38	41	270	0
Industrial chemicals and synthetics	8,785	6,045	869	1,997	1,620	177	13	176	141	697	(?)	(?)	(?)	0
Drugs	2,808	2,120	205	1,682	1,668	99	99	134	684	511	(?)	(?)	(?)	0
Soap, cleaners, and toilet goods	2,184	1,858	311	1,089	976	99	100	118	555	457	(?)	(?)	(?)	0
Agricultural chemicals	889	174	73	82	80	2	0	18	215	186	(?)	(?)	(?)	0
Other	948	807	175	582	632	30	16	84	138	138	(?)	(?)	(?)	0
Primary and fabricated metals	4,231	3,551	1,046	2,501	1,971	120	11	162	681	687	56	(?)	(?)	0
Primary metal industries	1,188	809	293	506	448	61	0	7	327	278	(?)	(?)	(?)	0
Ferrous	455	380	178	201	(?)	(?)	0	7	84	(?)	(?)	(?)	(?)	0
Nonferrous	672	429	121	386	(?)	(?)	0	0	243	(?)	(?)	(?)	(?)	0
Fabricated metal products	3,043	2,741	1,052	1,995	1,523	59	11	36	354	409	(?)	(?)	(?)	0
Machinery, except electrical	18,555	12,553	1,862	9,548	9,056	484	(?)	(?)	1,017	889	(?)	(?)	105	0
Farm and garden machinery and equipment	957	872	15	785	(?)	(?)	(?)	(?)	36	35	(?)	(?)	(?)	0
Construction and related machinery	3,043	1,815	293	1,572	1,262	110	(?)	(?)	287	264	(?)	(?)	(?)	0
Office and computing machines	3,047	7,584	866	5,714	(?)	(?)	(?)	(?)	453	(?)	(?)	(?)	(?)	0
Other	2,468	2,287	449	1,861	1,533	128	(?)	122	191	(?)	(?)	(?)	(?)	0
Electric and electronic equipment	8,082	6,502	1,276	4,986	4,138	812	62	228	1,548	320	81	23	686	0
Household appliances	1,414	1,308	588	825	651	75	0	37	186	99	(?)	(?)	(?)	0
Radio, television, and communication equipment	4,462	(?)	177	(?)	(?)	(?)	0	(?)	(?)	339	(?)	(?)	(?)	0
Electronic components and accessories	1,543	1,008	(?)	886	(?)	(?)	62	(?)	537	181	(?)	(?)	(?)	0
Other	1,664	(?)	(?)	(?)	(?)	(?)	0	(?)	(?)	350	(?)	(?)	(?)	0
Transportation equipment	19,921	12,352	3,015	7,706	7,259	446	1	549	1,569	1,562	2	(?)	(?)	0
Motor vehicles and equipment	18,844	12,043	3,548	7,591	7,146	446	1	581	1,521	(?)	(?)	(?)	(?)	0
Other	897	299	176	114	(?)	(?)	0	68	(?)	(?)	(?)	(?)	(?)	0
Other manufacturing	10,155	13,259	4,044	8,308	7,679	624	97	815	2,096	2,494	(?)	(?)	225	0
Tobacco manufactures	3,588	(?)	(?)	2,528	(?)	(?)	0	(?)	(?)	(?)	(?)	(?)	(?)	0
Textile products and apparel	1,010	809	253	516	451	67	0	79	175	(?)	(?)	(?)	(?)	0
Lumber, wood, furniture, and fixtures	740	641	333	308	28	(?)	(?)	12	15	(?)	(?)	(?)	(?)	0
Paper and allied products	2,157	1,958	1,190	481	468	(?)	(?)	(?)	508	475	(?)	(?)	(?)	0
Printing and publishing	451	394	98	253	(?)	(?)	(?)	(?)	87	82	(?)	(?)	(?)	0
Rubber products	2,980	1,528	596	883	754	108	(?)	122	84	(?)	(?)	(?)	(?)	0
Miscellaneous plastic products	498	487	57	280	(?)	(?)	(?)	(?)	91	87	(?)	(?)	(?)	0
Glass products	623	509	(?)	376	(?)	(?)	(?)	(?)	114	114	(?)	(?)	(?)	0
Stone, clay, cement, and concrete	1,068	911	368	508	291	189	(?)	(?)	167	(?)	(?)	(?)	(?)	0
Instruments and related products	2,178	2,541	425	1,963	1,278	76	(?)	124	229	(?)	(?)	(?)	(?)	0
Other	971	(?)	332	488	(?)	(?)	26	(?)	(?)	(?)	(?)	(?)	(?)	0
Trade	14,318	12,135	1,844	8,587	8,300	2,607	434	918	2,181	1,496	116	106	415	0
Wholesale trade	11,381	9,584	975	7,438	5,150	2,478	373	646	1,776	1,196	(?)	(?)	(?)	0
Durable goods	8,825	7,524	705	6,613	3,985	2,628	289	579	1,590	1,087	(?)	(?)	(?)	0
Non-durable goods	2,476	1,994	173	1,615	1,165	450	135	67	485	339	(?)	(?)	(?)	0
Retail trade	8,015	2,661	1,869	1,269	1,140	129	89	264	304	(?)	(?)	(?)	(?)	0
Finance (except banking), insurance, and real estate	1,948	1,472	910	274	216	80	0	192	475	343	(?)	(?)	(?)	0
Finance, except banking	890	727	303	230	192	44	(?)	(?)	164	70	(?)	(?)	(?)	0
Insurance	953	709	285	22	17	6	(?)	(?)	260	248	(?)	(?)	(?)	0
Real estate	88	44	27	13	12	1	(?)	(?)	28	1	(?)	(?)	(?)	0
Holding companies	25	6	15	6	4	10	1	(?)	32	23	(?)	(?)	(?)	0
Individuals, estates, and trusts	0	0	0	0	0	0	0	(?)	0	0	(?)	(?)	(?)	0
Other industries	8,341	6,065	2,465	2,770	(?)	(?)	(?)	(?)	2,288	1,000	(?)	(?)	(?)	488
Agriculture, forestry, and fishing	405	45	(?)	20	(?)	(?)	(?)	(?)	337	258	(?)	(?)	(?)	0
Construction	2,416	1,545	(?)	515	479	(?)	(?)	(?)	872	225	(?)	(?)	(?)	0
Transportation, communication, and public utilities	1,690	1,015	(?)	188	(?)	(?)	(?)	(?)	118	64	(?)	(?)	(?)	0
Transportation	791	521	(?)	(?)	(?)	(?)	(?)	(?)	36	(?)	(?)	(?)	(?)	0
Communication and public utilities	799	702	(?)	(?)	(?)	(?)	(?)	(?)	81	42	(?)	(?)	(?)	0
Services	3,339	2,975	621	2,102	1,781	341	83	173	851	451	26	404	(?)	0

MOFA = majority-owned foreign affiliate.

\* Less than \$500,000 (±).

† Suppressed to avoid disclosure of data of individual companies.

percent compared with 15 percent.<sup>3</sup>

- By component, the share of total gross product accounted by employee compensation was larger, and the shares accounted for by profit-type return and indirect business taxes smaller, for U.S. parents than for MOFA's.

3. These rates were computed using unpublished estimates of MOFA gross product in 1982, the year covered by BEA's previous benchmark survey. This rate is only a rough indicator of MOFA growth because the 1966 and 1977 gross product estimates from which the rates were calculated differ somewhat in methodology and coverage.

Overall, the MNC gross product estimates are highly consistent conceptually with national income and product account (NIPA) estimates of all-U.S.-business GDP. Exhibit A compares the NIPA and MNC methodologies and shows that the net effect of the conceptual differences is very small—\$4.4 billion (line 22), or less than one-half of 1 percent of all-U.S.-business GDP.

The effect of conceptual differences on individual NIPA and MNC components is, however, more significant.

For MNC's, these components are compensation of employees, profit-type return (PTR), net interest, indirect business taxes, etc., and capital consumption allowances (CCA). Perhaps the most important conceptual difference between the MNC and the corresponding NIPA components arises because of differences in the measurement of depreciation. NIPA depreciation charges are based on Federal income tax returns; therefore, valuation of these charges reflects accounting practices under Internal

Table 4.—Gross Product of MOFA's Compared with Business GDP for Selected Host Countries, 1977

(Billions of dollars)

	MOFA gross product		Host country GDP		Adjusted MOFA gross product as a percent of adjusted host country business GDP (col. 2+col. 4)
	As shown in table 2	Adjusted for comparability	Total	Business, adjusted for comparability	
	(1)	(2)	(3)	(4)	(5)
<b>Developed countries:</b>					
Australia	6,578	5,488	180,128	82,681	7
Austria	844	844	47,987	34,981	2
Belgium	4,244	4,228	79,186	64,478	7
Canada	27,733	26,978	199,878	162,876	17
France	9,688	9,626	281,658	278,239	3
Germany	18,115	18,037	615,593	468,879	4
Greece	339	334	25,188	21,996	2
Ireland	762	764	9,384	7,852	10
Italy	5,825	5,882	215,290	162,844	4
Japan	3,955	2,971	698,833	647,063	1
Luxembourg	158	283	2,328	1,729	12
Netherlands	4,789	4,198	168,092	14,862	8
New Zealand	334	878	14,688	11,818	8
Norway	1,655	1,868	35,758	20,238	6
Portugal	178	178	16,507	15,888	1
South Africa	1,317	1,389	39,307	32,182	4
Spain	2,019	2,012	130,328	100,008	2
Switzerland	2,015	2,016	60,667	60,657	3
Turkey	288	288	47,922	38,279	1
United Kingdom	16,361	15,843	547,398	488,298	9
<b>Developing countries:</b>					
Argentina	1,449	1,448	52,121	50,558	3
Brazil	6,488	6,489	184,161	188,709	6
Chile	182	182	13,388	11,148	1
Colombia	682	528	19,498	18,373	3
Ecuador	307	307	6,496	5,154	6
Egypt	341	344	14,358	12,068	3
Hong Kong	642	518	18,068	10,483	5
India	210	211	105,949	94,856	4
Indonesia	4,861	4,868	45,809	40,976	11
Iran	3,971	3,072	74,024	68,519	6
Iraq	228	218	14,729	10,596	2
Libya	44	56	861	741	5
Algeria	2,384	2,384	19,478	17,284	17
Malaysia	388	388	18,144	15,401	3
Mexico	2,850	2,848	74,191	68,866	3
Nigeria	1,848	1,846	50,194	48,788	4
Panama	288	282	2,178	1,881	14
Peru	404	484	18,639	11,963	3
Philippines	648	648	20,994	20,966	3
Singapore	406	461	5,547	5,636	7
South Korea	79	79	35,378	31,628	8
Thailand	234	304	19,264	17,819	1
Venezuela	1,370	1,800	35,516	29,217	6

MOFA—majority-owned foreign affiliate.

GDP—gross domestic product.

\*Less than 0.5%.

Note.—This table provides only a rough indication of the contribution of MOFA's to total business activity in selected host countries. Estimates of host country GDP are from the World Bank's unpublished *Handbook of National Accounts* and were compiled largely according to the United Nations System of National Accounts. The countries shown are those in table 2 for which World Bank GDP estimates were also available. Host country business GDP excludes data for nonbusiness sectors (government and households) and the statistical discrepancy. Adjustments to both the business GDP and MOFA data were necessary because the GDP data do, but the MOFA gross product estimates do not, cover banking. GDP in banking was not shown separately in the World Bank data, but instead was included as a part of "banking, insurance, and real estate." To

make coverage of the host country and MOFA data the same, the GDP data were adjusted to exclude "banking, insurance, and real estate" and the MOFA data were adjusted to include "banking (except banking), insurance, and real estate." (In the World Bank data, "banking, insurance, and real estate" covers both banking and all other financial business.) Exclusion of nonbusiness sectors and adjustments for banking could not be made for particular countries because the necessary data were not available separately.

Average exchange rates were used to translate GDP from foreign currencies into U.S. dollars. Foreign affiliate data in the 1977 benchmark survey were reported in dollars. In translating foreign affiliate data to dollars, companies were required to follow generally accepted accounting principles. While translation does not affect comparisons of affiliate shares of foreign business GDP, it can affect comparisons among countries of levels of both business GDP and MOFA gross product. For a discussion, see Ned G. Herenstein, "Gross Product of Foreign Affiliates of U.S. Companies," *Survey of Current Business* 67 (February 1977): 28.

Table 5.—Gross Product of U.S. Parents and MOFA's, Industry by Component, 1977

	(Millions of dollars)					
	Gross product	Compensation of employees	Profit-type returns	Net interest	Indirect business taxes, etc.	Capital consumption allowances
<b>U.S. parents:</b>						
All industries	494,829	365,804	103,375	9,823	32,442	39,185
Mining	1,974	1,179	389	41	148	237
Petroleum	62,050	17,093	16,906	2,140	9,919	8,888
Manufacturing	301,284	204,782	58,906	4,568	13,734	20,002
Food and kindred products	21,782	13,142	4,888	519	2,021	1,274
Chemicals and allied products	29,183	22,989	10,022	1,026	1,348	3,781
Primary and fabricated metals	25,389	27,347	2,871	1,148	1,086	2,983
Machinery, except electrical	42,854	33,708	9,532	273	822	3,008
Electric and electronic equipment	26,683	19,210	4,980	889	736	1,388
Transportation equipment	71,302	58,030	12,437	—858	8,108	3,378
Other manufacturing	64,649	40,335	13,317	1,745	4,556	4,648
Trade	31,308	20,316	5,164	1,680	2,238	1,409
Finance (except banking), insurance, and real estate	33,823	14,166	8,717	—2,849	1,988	883
Other industries	81,084	47,368	15,121	4,529	4,680	9,436
<b>MOFA's:</b>						
All industries	161,138	69,434	62,137	2,775	35,409	11,218
Mining	2,912	897	863	191	415	435
Petroleum	62,010	4,375	28,979	245	24,143	3,188
Manufacturing	71,689	49,418	14,852	1,329	8,837	5,876
Food and kindred products	5,599	3,136	1,415	205	631	821
Chemical and allied products	10,876	5,266	2,824	611	898	882
Primary and fabricated metals	4,231	2,271	830	163	168	811
Machinery, except electrical	13,555	7,851	3,820	200	690	1,654
Electric and electronic equipment	5,892	5,484	1,373	208	587	419
Transportation equipment	13,321	8,127	2,387	225	2,165	1,077
Other manufacturing	16,165	8,109	2,845	429	4,974	310
Trade	14,316	6,971	4,693	385	1,648	1,804
Finance (except banking), insurance, and real estate	1,348	855	1,604	—627	90	85
Other industries	5,341	5,420	1,537	132	278	678

MOFA = majority-owned foreign affiliate.

1. U.S. parent data are classified by industry of parent; MOFA data are classified by industry of affiliate.

Note.—Tables showing U.S. parent and MOFA gross product data by component for more detailed industries, and MOFA gross product data by component cross classified by country, are available at cost from Bureau of Economic Analysis (BE-60, RB), U.S. Department of Commerce, Washington, D.C. 20226.

Revenue Service regulations.<sup>4</sup> MNC depreciation charges, in contrast, are drawn from accounting records on which annual reports are based, and may not conform to tax regulations. This difference affects both PTR and CCA. Although the effects on these two components cannot be quantified, they are offsetting; thus, total gross product is not affected.<sup>6</sup>

NIPA and MNC gross product data disaggregated other than by component also may not be as comparable as the totals. Because sources of data for the MNC and NIPA estimates differ, differences in timing, valuation, and industry classification, among others, could significantly affect comparisons.

4. Two measures of capital consumption are used in the NIPA's: CCA and CCA with capital consumption adjustment (CCAdj). In the former, depreciation is based on the acquisition cost of assets. In the latter, depreciation is based on estimates of the current replacement cost of assets, uniform asset service lives, and uniform depreciation formulas, and is designed to provide a consistent measure over time of the using up of capital in production. CCA, rather than CCA with CCAdj, is shown in exhibit A because it is conceptually closer to the MNC measure.

5. For a more detailed discussion of the difference between NIPA and MNC depreciation, see Nad G. Hownstine, "Gross Product of Foreign Affiliates of U.S. Companies," Survey 57 (February 1977): 28.

Exhibit A.—Comparison of U.S. MNC and NIPA Gross Product Methodology

NIPA component	Line	Billions of dollars GDP of all U.S. businesses in 1977 <sup>1</sup>	MNC components compared with NIPA's	Billions of dollars MNC gross product in 1977	
				U.S. parents	
				MOFA's	
Total (2+5+8+14+18)	1	1488.3	n.a.	499.5	181.1
Compensation of employees (8+4)	2	893.4	n.a.	806.5	69.5
Wages and salaries	3	760.7	Same as NIPA's	250.2	48.6
Supplements to wages and salaries	4	132.7	Same as NIPA's	55.3	10.9
Profit-type return (6+7+8)	5	254.9	n.a.	183.4	62.3
Corporate profits before tax and proprietors' income, both before adjustments in line 8 (on a tax return basis)	6	361.5	Same as NIPA's (except on annual report basis)	183.4	62.3
Corporate and proprietors' inventory valuation adjustments	7	—17.4	Not included	Not included	Not included
Bad debt; depreciation of expenditures for mining exploration, shafts, and wells; and other adjustments that could not be made for MNC's	8	12.7	Not included	Not included	Not included
Net interest (10+11+12+13)	9	64.1	n.a.	9.8	2.8
Monetary interest paid	10	146.5	Same as NIPA's	(9)	(9)
Imputed interest paid	11	82.3	Same as NIPA's	(9)	(9)
Less: Monetary interest received	12	111.0	Same as NIPA's	(9)	(9)
Less: Imputed interest received	13	19.6	Not included	Not included	Not included
Indirect business taxes, etc. (15+16+17)	14	142.0	n.a.	32.8	25.4
Indirect business taxes and nondist. liability	15	193.3	Same as NIPA's	32.8	26.0
Business transfer payments	16	7.8	Not included	Not included	Not included
Less: Subsidies	17	6.1	Same as NIPA's	0	0
Capital consumption allowances (18+20)	18	149.0	n.a.	39.2	11.2
Depreciation (on a tax return basis) before adjustments in line 20	19	135.8	Same as NIPA's (except on annual report basis)	39.2	11.2
Depreciation of mining exploration, shafts, and wells; and other adjustments that could not be made for MNC's	20	6.1	Not included	Not included	Not included
Addeals:					
GDP of all U.S. businesses excluding items that were not included in MNC gross product (1-7-8+13-19-20) or (1-21)	21	1483.9	n.a.	n.a.	n.a.
Net effect on all-U.S.-business GDP of items that were not included in MNC gross product (7-8+13-16-20)	22	4.4	n.a.	n.a.	n.a.

MNC—multinational company.  
MOFA—majority-owned foreign affiliate.  
NIPA—national income and product account.  
GDP—gross domestic product.  
n.a.—Not available.

1. Excludes GDP of banks, government and government enterprises, and private households; imputed gross product of owner-occupied farm and nonfarm housing; rental income of persons; and the statistical discrepancy.

2. Not available separately.

3. Imputed interest paid by MNC's that are regulated investment companies was not included; however, such imputed interest paid was probably negligible.

4. Data on subsidies received by U.S. parent companies were not collected in the 1977 benchmark survey. Subsidies are assumed to be zero for U.S. parents because few U.S. parents were in the industries that receive most of the subsidies in the United States.